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09/216,206	12/18/1998	HEIDI KAY	EWG-079	1079

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EXAMINER

MYHRE, JAMES W

ART UNIT	PAPER NUMBER
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3622

DATE MAILED: 03/22/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/216,206

Applicant(s)

KAY ET AL.

Examiner

James W Myhre

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 22 January 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-13, 19-23 and 29-61 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-13, 19-23, and 29-61 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                        | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                                    |

## DETAILED ACTION

### ***Response to Request for Reconsideration of Final Office Action***

1. In response to the Request for Reconsideration of Final Office Action filed on February 20, 2004, based on the unconsidered Second Preliminary Amendment filed on January 22, 2004, the finality of the office action mailed on February 2, 2004 has been withdrawn and a new rejection is presented below.

### ***Response to Amendment***

2. The Second Preliminary Amendment filed on January 22, 2004 under 37 CFR 1.116 has been considered but is ineffective to overcome the Gerace (5,991,735) and Hanson et al (5,974,398) references. The second preliminary amendment amended Claim 29 and added new Claims 30-61. The currently pending claims are Claims 1-13, 19-23, and 29-61.

### ***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 29, 31-37, 39, 41, 43-49, 51-54, and 56-60 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing

for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences

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(BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore,

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the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the *Freeman-Walter-Abele* test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, the above claims do not indicate which steps, if any, are performed by a computer or other technological device. While the preamble of the independent claims indicate that the advertising opportunity is an opportunity to place an advertisement on a web page, all of the following steps of the claims could be performed manually. In Claim 29, for example, "receiving a plurality of proposals from advertisers..." could be performed via telephone, postal mail, or in person. The next step of "receiving an indication of the advertising opportunity" could be performed by the

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web page owner notifying the person running the method via telephone, postal mail, or in person that there was an opportunity (i.e. space) to display an advertisement on his web page. The final two steps of "determining matching proposals..." and "determining one of the particular advertisements to provide for fulfilling the advertising opportunity..." could be done mentally by the person running the method. Thus, the entire method could be performed without utilizing any technology. To overcome this rejection the Applicant should modify the claims to indicate which steps are being performed by technology. For example, the steps in Claim 29 could be amended to read "receiving a plurality of proposals through the Internet" (or "a computer network") "from advertisers..."; "receiving through the Internet an indication of the advertising opportunity", etc. Similar changes could be made to the other independent claims to overcome this rejection.

### ***Claim Rejections - 35 USC § 102***

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting

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directly or indirectly from an international application filed before November 29, 2000.

Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

2. Claims 29, 31-37, 39, 41, 43-49, 51-54, and 56-61 are rejected under 35 U.S.C. 102(e) as being anticipated by Hanson et al (5,974,398).

Claims 29, 41, 49, and 54: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity, comprising:

a. receiving a plurality of advertisement offers and advertising criteria with targeting criteria and an amount from advertisers (col 3, lines 48-56);

b. receiving an advertising opportunity (col 7, lines 5-21);

c. determining in response to the advertising opportunity matching advertisement offers based on the advertising criteria and the user's personal characteristics (col 4, lines 45-50); and

d. selecting one of the advertisements to provide to the user, the selection being based on the offer having the highest amount (col 5, lines 39-42; col 7, lines 33-34 and 54-60; col 11, lines 29-31; and col 14, lines 22-25).

Claims 31, 32, 43, 44, 51, 52, 56, and 57: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, 49, and 54 above, and further discloses that the amount is a monetary amount to be paid by the advertiser upon display of the particular advertisement (col 9, lines 7-17).



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Claims 33, 45, 53, and 58: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, 49, and 54 above, and further discloses the amount in the proposal is the maximum monetary amount and that the actual amount is minimized to ensure placement of the advertisement. In other words, Hanson discloses the advertiser setting a maximum bid with the system automatically starting the bid at a lower amount and increasing the bid each time the advertiser is outbid by another until the advertiser submits the winning bid or maximum monetary amount is reached (col 11, lines 26-32).

Claims 34, 46, and 59: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, and 54 above, and further discloses the advertiser providing multiple proposals for providing a particular advertisement (col 9, lines 7-17). Hanson discloses that the advertiser's proposal includes an offer to paid a certain amount for presenting the advertisement to a user and a different amount if the user accesses the advertisement, i.e. two proposals with varying criteria within the one proposal.

Claims 35, 36, 47, and 60: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, and 54 above, and further discloses the proposals are bids, where the particular advertisement is determined by selection logic based on the competing bids (col 11, lines 26-32).

Claim 37: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claim 29 above, and further discloses presenting the selected advertisement to the user (col 7, lines 40-45).

Claims 39, 48, and 61: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, and 54 above, and further discloses the proposal criteria including at least one characteristic of a viewer (col 7, lines 10-21).

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-13 and 19-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gerace (5,991,735) in view of Hanson et al (5,974,398).

These claims have been finally rejected by the Examiner (paper number 10) and affirmed by the Boards of Appeals and Interferences on July 22, 2003 (paper number 24). Since these claims have not been amended nor argued in either preliminary amendment, the prior rejection still stands.

5. Claims 30, 38, 40, 42, 50, and 55 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hanson et al (5,974,398).

Claims 30, 38, 42, 50, and 55: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claims 29, 41, 49, and 54 above, and further discloses the indication of the advertising opportunity is received

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when the user accesses (using his browser) an Internet site, "such as an on-line newspaper, on-line entertainment, or other Interactive Information and Entertainment on-line services provided on the internet" (col 9, lines 60-66). While it is not explicitly disclosed that the browser sends an HTML reference to the web page, Official Notice is taken that HTML is the programming language normally used to encode web pages on the World Wide Web (commonly referred to as the Internet). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made that Hanson would refer to the web site being accessed by the user by its HTML reference. One would have been motivated to use the web page's reference in order to select advertisements which correspond to the subject matter of the web page as discussed by Hanson (col 9, lines 18-23).

Claim 40: Hanson discloses a method for determining an advertisement to provide during an advertising opportunity as in Claim 29 above, and further discloses the selection process may be affected by other factors, such as "budget constraints of the advertiser, exhaustion of promotional samples, offers, or other media, and the like" (col 8, lines 14-16) and that the "advertisers are able to receive feedback on the effectiveness of a particular advertisement" (col 8, lines 27-30) and adjust their bid amounts for (or remove) the advertisement. While it is not explicitly disclosed that a display schedule will be computing based on such factors as the desired number of viewings over a time period or the effectiveness of the advertisement, Official Notice is taken that it is old and well known to generate advertising schedules for a particular advertisement based on such factors. One would have been motivated to compute

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such a display schedule and to use the display schedule when selecting the advertisement to be displayed in order to provide the advertiser the desired number of viewings while still remaining within the advertiser's budget constraints as discussed by Hanson.

### ***Response to Arguments***

6. No arguments were presented in either preliminary amendment.

### ***Conclusion***

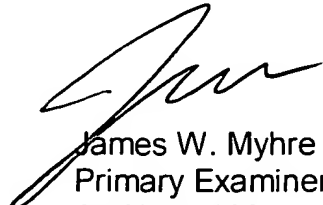
7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. James W. Myhre whose telephone number is (703) 308-7843. The examiner can normally be reached on weekdays from 6:30 a.m. to p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (703) 305-8469. The fax phone number for Formal and Official faxes is (703) 872-9306. Draft or Informal faxes may be submitted directly to the examiner at (703) 746-5544.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group Receptionist whose telephone number is (703) 308-1113.

  
JWM

March 17, 2004

  
James W. Myhre  
Primary Examiner  
Art Unit 3622